

Department of Insurance Overview

Appropriations Subcommittee for General Government

February 11, 2015



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Department of Insurance Presentation Outline

- Authorizing Laws
- Responsibilities
- Budget
- Information Requested

Department of Insurance

Statutory Authority

- Commissioner of Insurance is a member of the Council of State
- Constitution - Article 3, Section 7 creates the office of Commissioner of Insurance, elected to four-year terms
- GS Chapter 58 establishes a department, which is charged with the execution of laws relating to insurance and other responsibilities placed under the Department. Designates the Commissioner of Insurance as the Chief Officer of the department.
- Designates the Commissioner as State Fire Marshal

Department of Insurance

Mission and Responsibilities

- The North Carolina Department of Insurance serves the citizens of North Carolina through consumer protection and education, safety training and promotion, and regulation of specified activities and industries.
- License and Regulate the Insurance Industry; companies and professionals
- Conduct financial evaluations and monitor insurance companies' compliance with laws and market conduct
- Educate consumers
- Respond to complaints
- Administer grants through Office of State Fire Marshal for volunteer fire fighters and rescue workers
- Regulatory Activities and Oversight of Other Industries

Department of Insurance

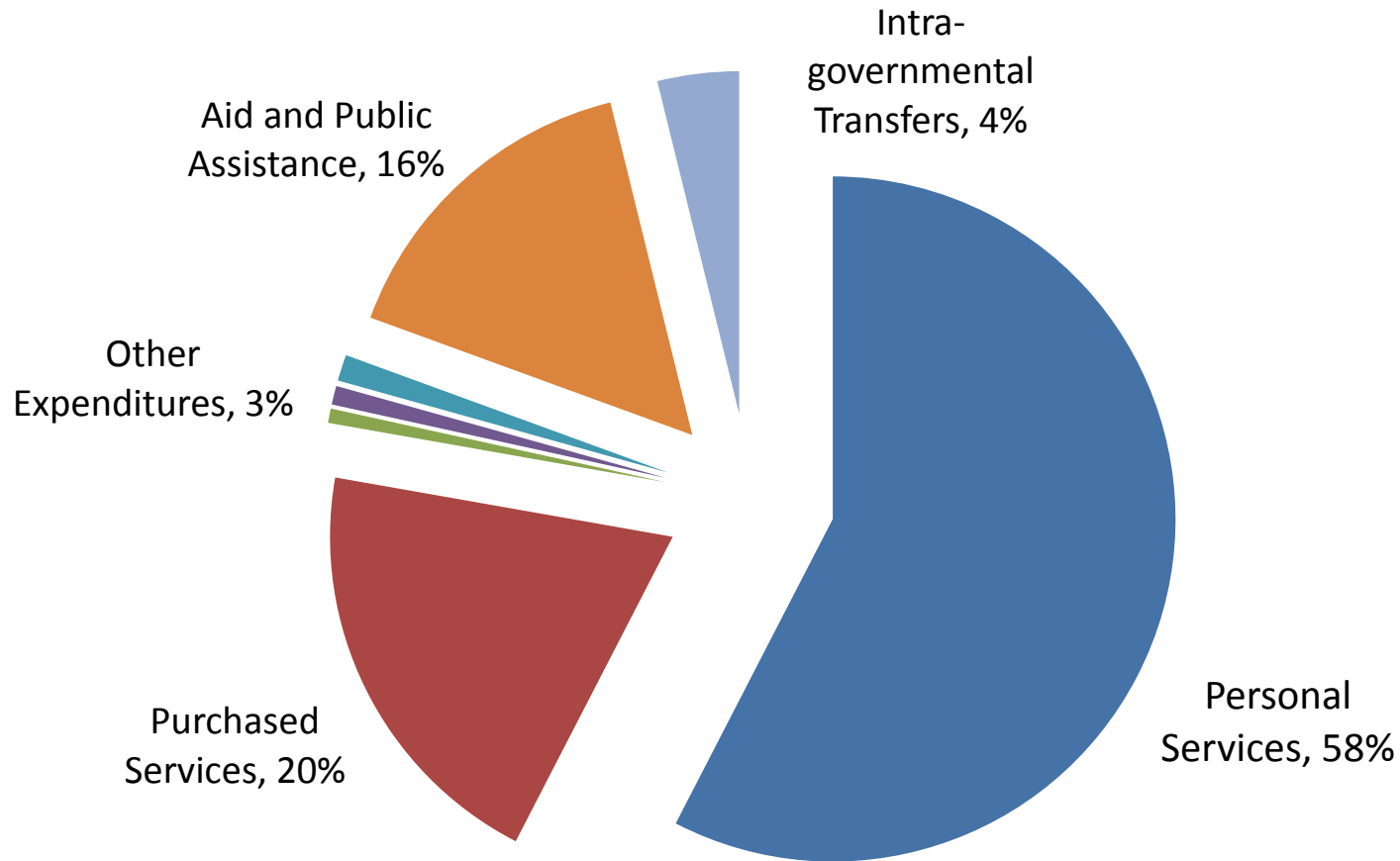
Revenues

- Insurance Regulatory Surcharge
 - Set Annually by the General Assembly
 - Based upon of Gross Amount of Premiums Collected by Insurers
 - Currently 6.5%
- Additional tax on gross premiums on property coverage that funds grant programs
- 10 cents from Division of Motor Vehicles Inspection fees for North Carolina Rescue Relief Fund
- Federal Funds (Senior Assistance)
- Fees
 - License
 - Training
 - Sale of publications
 - Audits
 - Certifications
 - Sale of publications
 - Examinations
- Fines

Department of Insurance Budget

	Actual	Actual	Actual	Certified
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Expenditures	47,525,100	64,535,342	49,478,572	60,407,729
Less: Receipts	12,556,622	29,057,579	13,797,611	22,695,407
Net Appropriations	\$34,968,478	\$35,477,764	\$35,680,961	\$37,712,322
Positions (FTE)	410.1	417.1	408.1	400.3

Department of Insurance Budget Composition



Additional Information Requested

- Update - SL 2013-116 - Department of Insurance was authorized to regulate captive insurance companies in NC
- Affordable Care Act – Impact on DOI’s operations and budget
- Volunteer Safety Workers Compensation Fund
- Office of State Fire Marshal’s grants management and oversight

Additional Information Requested

- **SL 2013-360 PED/STUDY LICENSURE FEES**

- Directed a review the licensure fees for occupations regulated by the Department of Insurance which are not directly associated with the insurance industry.
- ...applicant's actual expenditure for licensure, excluding education, training, and certification costs.
- ...advantages and disadvantages of the Department of Insurance using a vendor to process applications for licensure and renewals.
- ...appropriate licensure fees an applicant should be assessed if the Department of Insurance determines the use of a vendor is the most cost-efficient method for licensing applicants.
- ...appropriate method for reimbursing a vendor of an amount greater than the licensure fees authorized by Chapter 58 of the General Statutes.
- ... redundancy exists with a vendor and the Department of Insurance in processing applications for licensure or renewal. ... Any other issues PED discovers

Questions?